MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2016/2017

PAL0022 – BASIC ACCOUNTING FOR LAWYERS

(Foundation in Law)

2 MARCH 2017
9:00 a.m. – 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

STRUCTURED [100 MARKS]

Instructions: Answer **ALL** questions. Write your answers in the Answer Booklet.

QUESTION 1

On 1 January 2015, Avignon Company started in business and deposited RM100,000 into a bank account opened specially for the business. A motor van costing RM80,000 was acquired by cheque on 1 April 2015. The company depreciated the motor van at 20% per annum by using the straight line method and its accounting year end is 31 December. Avignon Company provided a full year's depreciation in the year of acquisition and no depreciation in the year of disposal. After exactly one year, however, the motor van was suddenly sold for RM50,000 by cheque on 31 March 2016.

REQUIRED

Record the above transactions and balance off the following accounts for 2015 and 2016:

a) Capital account (5 marks)

b) Bank account (7 marks)

c) Motor vehicles account (4 marks)

d) Accumulated provision for depreciation of motor vehicles account (4 marks)

e) Disposal of motor vehicles account (5 marks)

(Total 25 marks)

QUESTION 2

Part A

The following is a summary of the Star Social Club's receipts and payments account for the year ended 30 June 2016:

Receipts:	RM	Payments:	RM
Bank balance b/d	2,000	Rent and rates	900
Entrance fees	1,000	Utilities	2,400
Members' subscription	20,000	Salaries	10,000
Donations	3,000	Printing and stationery	700
		Bank balance c/d	12,000
	26,000		26,000
Bank balance b/d	12,000		

Continued...

Additional information available from the records is as follows:

	1 July 2015	30 June 2016
Arrears of subscription	100	200
Subscription received in advance	400	300
Fixtures (net book value)	2,000	

Depreciation on fixtures is to be provided at 10% on the reducing balance method.

REQUIRED

a) Prepare the subscription account. (6 marks)

b) Prepare an income and expenditure account for the year ending 30 June 2016. (9 marks)

Part B

Alley Trading manufactures one product. Its trial balance as at 30 April 2016 was as follows:

	Debit (RM)	Credit (RM)
Capital		115,000
Non-current assets (at cost)	120,000	
Allowance for depreciation of non-current assets		50,000
Inventory at 1 May 2015:		
Direct materials	8,000	
Work in progress	6,000	
Finished goods	40,000	
Accounts receivable (debtors) & payable (creditors)	30,000	22,000
Sales		200,000
Purchases of materials	80,000	
Manufacturing direct labour costs	40,000	
Manufacturing general expenses	20,000	
Selling and distribution expenses	21,000	
Cash at bank and cash in hand	22,000	
	387,000	387,000

Notes:

1) Inventory at 30 April 2016 were: direct materials RM10,000, work in progress RM8,000, finished goods RM39,000
2) Depreciation is to be provided on non-current assets at the rate of 10% per annum on cost. The annual depreciation charge is to be apportioned between manufacturing, and selling and distribution in the proportions of 8:2.
3) Accruals and prepayments at 30 April 2016 were:

	Accruals (RM)	Prepayments (RM)
Manufacturing general expenses	--	1,000
Selling and distribution expenses	700	100

REQUIRED

Prepare a manufacturing account for the year ending 30 April 2016. (10 marks)

(Total 25 marks)

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QUESTION 3

Part A

Fitri and Adha are in a partnership, sharing profits and losses equally. The statement of financial position drawn up on 31 December 2015 showed the followings:

Fitri and Adha
Statement of financial position as at 31 December 2015

	RM	RM	RM
Non-Current Assets			
Premises		200,000	
Equipment		180,000	380,000
Current Assets			
Inventory		50,000	
Accounts Receivable		30,000	
Bank		65,000	145,000
			525,000
Current Liabilities			
Accounts Payable			(55,000)
			470,000
Capital Accounts			
Fitri		200,000	
Adha		270,000	470,000

Lisa was admitted as a new partner to replace Fitri who had retired on 1 January 2016. Premises was revalued at RM280,000, equipment at RM135,000 and inventory at RM43,000. Upon retirement, Fitri will receive cash settlement from the partnership. In the new partnership, profits and losses will be divided in the proportions 2:3 between Adha and Lisa respectively. Lisa contributed cash RM300,000 deposited to the partner's bank account.

REQUIRED

Record the above transactions and balance off the following accounts:

a) Premises account (1.5 marks)

b) Equipment account (1.5 marks)

c) Inventory account (1.5 marks)

d) Bank account (2 marks)

e) Revaluation account (3.5 marks)

f) Capital account for each partner (using columnar format) (5 marks)

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Part B

For each of the following activities, indicate whether it causes either cash inflow or cash outflow, and state in which activities of the statement of cash flow (operating or investing or financing) will be recorded.

No	Detail	Cash inflow or outflow	Cash flow activities (operating or investing or financing)
	Example: Cash paid out as a loan	outflow	Investing
a)	Purchase of equipment		
b)	Repayment of long term loan		
c)	Payment of dividends		
d)	Issuance of share capital		
e)	Decrease in accounts receivable balance		

(10 marks)
(Total 25 marks)

QUESTION 4

Part A

The balances extracted from the books of KK Corporation at 31 December 2016 was as follows:

	RM
10% Loan notes	30,000
Equipment at cost	80,000
Accumulated provision for depreciation of Equipment (1 January 2016)	16,000
Gross profit (31 December 2016)	250,000
Commission received	55,000
Wages and salaries	50,000
Rent expenses	5,500
Utilities expenses	28,000
Allowance for doubtful debts (1 January 2016)	800
Loan note interest	2,000
Accounts receivables	25,000
Bank	23,300

You are given the following additional information:
1) Commission received in advance for the year 2017 amounted to RM2,500.
2) Rent paid in advance at 31 December 2016 amounted to RM500.
3) The allowance for doubtful debts is to be increased to RM1,000.
4) A depreciation charge is to be made on equipment at 10% per annum on cost.
5) Loan note interest accrued at 31 December 2016 was RM1,000.
6) Corporate tax of RM17,000 will be payable on the profit of the year.

REQUIRED

Prepare the statement of profit or loss for the year ending 31 December 2016.

(15 marks)
Continued...

Part B

The following figures was extracted from the books of Oppra Corporation at 31 December 2016:

	RM
Sales	1,800,000
Cost of goods sold	900,000
Expenses	550,000
Current assets:	
Inventory	135,000
Trade Receivables	85,000
Bank	120,000
Current liabilities	170,000

Note: There was no opening inventory on 1 January 2016.

REQUIRED

Calculate the following ratios (show your workings and round-off your answers to two decimal points).

a) Current ratio (3 marks)

b) Acid-test ratio (2 marks)

c) Net profit as a percentage of sales (3 marks)

d) Inventory turnover (2 marks)

(Total 25 marks)

End of Paper